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Financial Management

DEFERRALS

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This instruction implements AFPD 65-6, *Budget*, and establishes procedures for the write-off of deferrals. It applies to OBANs managed by the Financial Analysis Division (AAC/FMA). Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AF Form 847s from the field through the appropriate functional's chain of command. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with Air Force Records Information System (AFRIMS) Records Disposition Schedule (RDS) located at <https://www.my.af.mil/gcss-af61a/afirms/afirms>.

SUMMARY OF CHANGES

This publication has been revised to update procedures for the write-off of deferrals.

1. Deferral. A deferral is the consequence of actions that result in an over-commitment, over-obligation, or over-expenditure of customer funds available for the testing effort at hand. This shows as a negative balance on the Job Order Status Report and means that direct budget authority (DBA) has been used to cover a customer requirement. Deferrals should be avoided at all costs as they reduce our ability to fund DBA requirements. The 46 TW/FMP office provides monthly listings of JONs in deferral to ensure program and financial managers are aware of this condition and can work to gain customer funding. Additionally, a listing of projects/Job Order Numbers (JONs) within the final 25% of funding received is provided as a preventative measure.

2. Customer Funds. Customer funds must be received prior to initiating work. Reimbursable work should not be started before an order is known to exist and reimbursable work should not

continue against an existing order when there is a lack of customer funds. In an emergency, for **DoD customers only**, work may begin or continue based upon the customer's promise of funds. A telephone call or e-mail to the performing activity with the customer number, date funded amount, and name of authorizing official is acceptable. This may be required under Continuing Resolution Authority (CRA) while the customer is awaiting release of funds. In this situation, and any other that requires work in excess of funding received, the performing activity commander or at the commander's designation, the comptroller or comparable official may approve starting work in the absence of an order or continuing work in excess of customer funds by completing a deferral letter which contains JON and justification of why customer funding has not been received, test has exceeded customer funding, when funding is expected and the estimated dollar amount. Once signed by the commander or designee, the letter should be submitted to the applicable group/wing budget office and 46 TW/FMP. (Ref AFMCI 65-602 Para 2.1.1, *Uniform Reimbursement and Pricing Procedures* and AFMCI 65-603, Para 1.18, *Appropriation Reimbursement Procedures*). **No work will be started for Foreign Military Sales or Commercial customers without funds provided.**

3. 57*3600 Appropriation Deferrals.

3.1. **DBA Budget Program Activity Code (BPAC) 6606TS.** Deferrals are labeled as BPAC 6606TS when DBA has been used to cover the customer requirement and the customer funding is insufficient to fully reimburse the DBA. Financial managers should limit deferrals in BPAC 6606TS because DBA funds are required to cover deferrals in this BPAC. All efforts should be made to collect the funds from the customer and if they cannot be collected, the organization's DBA funds will be used to cover the deferred JON.

3.2. **Reimbursable Budget Authority (RBA) BPAC 696997.** Deferrals are labeled as BPAC 69667 when the customer's funds are cited directly on the obligation document, but the customer funding is insufficient to cover the obligations. RBA BPAC 696997 deferrals are covered with institutional DBA funding via a deferral MORD. Once a JON is in deferral, a MORD will be accomplished at squadron or group level for the next 90 days. After 90 days, if the RBA deferral cannot be cleared by obtaining customer funds, it should be cleared by decreasing the deferral MORD and processing an AFMC Form 277, *Reimbursable Order/Request for Support from Other Agencies*, funding document to the deferred JON, citing the organization's DBA funds (reference AFMCI 65-603).

3.3. **RBA BPAC 694939 and 695001.** RBA BPACs 694939 and 695001 are 100% reimbursable. Any deferrals in a 100% reimbursable BPAC should be cleared as soon as possible because this BPAC is 100% funded with customer funds, i.e., there are no DBA funds. Funding to cover the deferral should come from the customer who funded the JON; however, any deferrals still existing after 90 days must be covered by DBA funds (reference AFMCI 65-603). Since these BPACs are 100% customer funded, the DBA funds used will be those of the organization doing the work.

4. 57*3400 Appropriation.

4.1. **O&M Appropriations.** O&M appropriation deferrals occur when DBA has been used to cover the customer requirement and the customer funding is insufficient to fully reimburse the DBA. All efforts should be made to collect the funds from the customer and if they cannot be collected, the organization's DBA funds will be used to cover the deferred JON.

5. Foreign Military Sales (FMS) and Commercial Customers. For FMS, commercial customers and organizations outside the Federal Government, charges and fees will be collected in advance in all cases. Therefore, there should be no deferrals created against these JONs.

6. Deferral Write-Offs. When a deferral exists, every effort should be made to obtain additional customer funding to cover their requirement. In some rare cases, it is impossible to obtain additional funding from the customer. In the case of DBA BPAC 6606TS and the O&M appropriation, these deferrals are already in the accounting record against the organization's DBA. Deferral write off procedures have been established to clear the deferral and administratively document the application of DBA funds against the requirement. The JON managers should coordinate all deferral write-off requests with the Group or Center Budget Office. Requests should identify the customer and describe the reimbursable efforts. The request must include efforts made to collect from customer and state why funds cannot be collected. The Budget Office will review request to determine if debt is uncollectible. Once approved, the write off request will be provided 46 TW/FMP for further review and then finally to the JOCAS office for processing. **Note:** Write-off requests for RBA BPAC 696997, FMS, or Commercial customers are not authorized.

7. Forms Adopted. AF Form 847, *Recommendation for Change of Publication*

AFMC Form 277, *Reimbursable Order/Request for Support from Other Agencies*

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Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFPD 65-6, *Budget*. 1 May 1996

AFMAN 33-363, *Management of Records*, 1 March 2008

AFMCI 65-602, *Uniform Reimbursement and Pricing Procedures*, 21 February 2006

AFMCI 65-603, *Appropriation Reimbursement Procedures*, 18 December 2003